



## Oklahoma Statutes Citationized

### Title 36. Insurance

#### Chapter 2 - Miscellaneous Provisions

##### Risk-based Capital (RBC) for Health Maintenance Organizations Act of 2003

###### Section 6940 - Company Action Level Event - Submission of Risk-Based Capital Plan

Cite as: 36 O.S. § 6940 (OSCN 2015), Risk-based Capital (RBC) for Health Maintenance Organizations Act of 2003

A. "Company Action Level Event" means any of the following events:

1. The filing of an RBC report by a health maintenance organization that indicates that the health maintenance organization's total adjusted capital is greater than or equal to its Regulatory Action Level RBC, but less than its Company Action Level RBC;
2. Notification by the Insurance Commissioner to the health maintenance organization of an adjusted RBC report that indicates an event in paragraph 1 of this subsection, provided the health maintenance organization does not challenge the adjusted RBC report under Section [6944](#) of this title;
3. If, pursuant to the provisions of Section [6944](#) of this title, a health maintenance organization challenges an adjusted RBC report that indicates the event in paragraph 1 of this subsection, the notification by the Commissioner to the health maintenance organization that the Commissioner has, after a hearing, rejected the health maintenance organization's challenge; or
4. If a health maintenance organization has total adjusted capital which is greater than or equal to its Company Action Level RBC but less than the product of its Authorized Control Level RBC and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the Health RBC instructions.

B. In the event of a Company Action Level Event, the health maintenance organization shall prepare and submit to the Commissioner an RBC plan that shall:

1. Identify the conditions that contribute to the Company Action Level Event;
2. Contain proposals of corrective actions that the health maintenance organization intends to take and that would be expected to result in the elimination of the Company Action Level Event;
3. Provide projections of the health maintenance organization's financial results in the current year and at least the two (2) succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory balance sheets, operating income, net income, capital and surplus, and RBC levels. The projections for both new and renewal business might include separate projections for each major line of business and separately identify each significant income, expense and benefit component;
4. Identify the key assumptions affecting the health maintenance organization's projections and the sensitivity of the projections to the assumptions; and
5. Identify the quality of, and problems associated with, the health maintenance organization's business including, but not limited to, its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business and use of reinsurance, if any, in each case.

C. The RBC plan shall be submitted:

1. Within forty-five (45) days of the Company Action Level Event; or
2. If the health maintenance organization challenges an adjusted RBC report pursuant to the provisions of Section [6944](#) of this title, within forty-five (45) days after notification to the health maintenance organization that the Commissioner has, after a hearing, rejected the health maintenance organization's challenge.

D. Within sixty (60) days after the submission by a health maintenance organization of an RBC plan to the Commissioner, the Commissioner shall notify the health maintenance organization whether the RBC plan will be implemented or whether, in the judgment of the Commissioner, the RBC plan is unsatisfactory. If the Commissioner determines that the RBC plan is unsatisfactory, the notification to the health maintenance organization shall state the reasons for the determination, and may list proposed revisions that will, in the judgment of the Commissioner, render the RBC plan satisfactory. Upon notification from the **Commissioner, the health** maintenance organization shall prepare a revised RBC plan, that may incorporate by reference any revisions proposed by the Commissioner, and shall submit the revised RBC plan to the Commissioner:

1. Within forty-five (45) days after the notification from the Commissioner; or
2. If the health maintenance organization challenges the notification from the Commissioner pursuant to the provisions of Section [6944](#) of this title, within forty-five (45) days after a notification to the health maintenance organization that the Commissioner has, after a hearing, rejected the health maintenance organization's challenge.

E. In the event of a notification by the Commissioner to a health maintenance organization that the health maintenance organization's RBC plan or revised RBC plan is unsatisfactory, the Commissioner may, at the Commissioner's discretion and subject to the health maintenance organization's right to a hearing pursuant to the provisions of Section [6944](#) of this title, specify in the notification that the notification constitutes a Regulatory Action Level Event.

F. Every domestic health maintenance organization that files an RBC plan or revised RBC plan with the Commissioner shall file a copy of the RBC plan or revised RBC plan with the Insurance Commissioner in any state in which the health maintenance organization is authorized to do business if:

1. The state has an RBC provision substantially similar to subsection A of Section [6945](#) of this title; and
2. The Insurance Commissioner of that state has notified the health maintenance organization of its request for the filing in writing, in which case the health maintenance organization shall file a copy of the RBC plan or revised RBC plan in that state no later than the later of:
  - a. fifteen (15) days after the receipt of notice to file a copy of its RBC plan or revised RBC plan with the state, or

b. the date on which the RBC plan or revised RBC plan is filed under subsections C and D of this section.

#### ***Historical Data***

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Laws 2003, SB 635, c. 197, § 40, eff. November 1, 2003; Amended by Laws 2011, SB 778, c. 278, § 53, eff. November 1, 2011 ([superseded document available](#)).

#### ***Citationizer® Summary of Documents Citing This Document***

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Cite	Name	Level
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None Found.

#### ***Citationizer: Table of Authority***

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Cite	Name	Level
<b>Title 36. Insurance</b>		
Cite	Name	Level
<a href="#">36 O.S. 6944</a> ,	<a href="#">Right to Hearing</a>	<a href="#">Discussed at Length</a>
<a href="#">36 O.S. 6945</a> ,	<a href="#">RBC Reports and Plans Confidential and Privileged - Commissioner May Share Documents - Misleading Information Regarding RBC Levels Prohibited</a>	<a href="#">Cited</a>
<a href="#">36 O.S. 6940</a> ,	<a href="#">Company Action Level Event - Submission of Risk-Based Capital Plan</a>	<a href="#">Cited</a>